



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor  
Kathleen Clarke  
Executive Director  
Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

February 14, 2001

TO: Mine File - M/045/022

THRU: Mary Ann Wright, Associate Director *mon*

FROM: Wayne Hedberg, Permit Supervisor *DWH*

RE: DOGM & MagCorp Meeting to discuss Request for Increase in Reclamation Bond, Knolls Solar Pond Facility, M/045/022, Tooele County, Utah

Date of Meeting: February 7, 2001  
Location: DOGM Offices  
Time of Meeting: 2:00 - 3:30 p.m.  
Participants: Lee Brown, Tony Rudman, Dan Tuttle & Tom Tripp - MagCorp; Mary Ann Wright, D. Wayne Hedberg, & Tony Gallegos - DOGM

Purpose of Meeting: To discuss the technical details of the Division's January 25, 2001, request to increase the reclamation bond for the Knolls Solar Pond Facility. To discuss why MagCorp had not responded to the Division's October 5, 2000 review letter.

A meeting was held on February 7, 2001, between MagCorp representatives and Division staff as identified above. MagCorp requested the meeting to discuss technical concerns regarding the BLM's latest detailed reclamation cost estimate which we had forwarded to them by letter dated January 25, 2001. Mr. Rudman, general counsel for MagCorp, opened the discussion at the meeting. Mr. Rudman first expressed his and MagCorp's apology for not having responded to the Division's October 5, 2000 review letter. Apparently, the letter was misfiled after initial receipt and never reached Mr. Rudman or the appropriate technical staff for response. MagCorp requested another 30-days from the date of the meeting to prepare a response.

Mr. Rudman expressed significant corporate concern regarding two main issues relative to our request to increase the amount of reclamation bond. The concerns are as follows:

1. The scope of the reclamation bond.
2. The scope of required reclamation.

Mr. Rudman stated that he questioned the legal right of the BLM (and Division) to change the reclamation requirements and increase the reclamation bond amount from what was required under the

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original approved mining and reclamation plan (permit). Mr. Rudman believes the BLM lacks the grounds to change the reclamation requirements and bond amount at this time.

Mary Ann stated we were requiring the updated surety bond because:

1. The Division of Oil ,Gas & Mining held the current reclamation surety on behalf of three regulatory and land managing agencies (OGM, BLM, and SITLA).
2. The BLM and SITLA had requested the change in the bond amount and reclamation requirements, and she believed both agencies had the right to do so.
3. The current reclamation surety cost estimate is overdue for reevaluation by the Division.

The following technical and administrative concerns were raised by MagCorp:

1. Mr. Rudman and Mr. Brown asked what legal remedies or legal contacts were available within the Division to pursue an answer to their concerns. Mary Ann stated she would talk with our counsel and the Division Director for an answer and further direction. Perhaps a meeting involving appropriate Division and BLM legal counsel might be necessary.
2. Mr. Rudman also stated that paragraph 4 of the recent Stipulation Agreement between the BLM and MagCorp, won't allow them to cover up the State's mineral resources, which the BLM is now asking them to do.
3. Mr. Rudman stated that the BLM's projected administrative costs for managing the project (18% = 3 people @ \$60,000/yr. for 3 years) was excessive.
4. Tom Tripp stated that their onsite experience has demonstrated that they could use a D9 dozer instead of a D7 low ground pressure dozer to reclaim the exterior dikes and roads. The interior dikes of Pond 7 (B, C & D?) have about 4 - 5 feet of salt in the bottom which would support the use of larger and heavier dozers as well.
5. The haul roads on the east side of Ponds 7A and Pond 5 (inside MagCorp's original permit area) were used by USPCI, with BLM permission, to remove sand dune materials for their waste disposal facility in the early 1980's. MagCorp believes these roads (or what remains of them) are fairly well revegetated now. Perhaps an assessment could be made by DOGM/BLM to determine need for additional reclamation?
6. Mr. Tripp also asked about the projected survey monument replacement costs. He believed the original markers were made of wooden posts and to survey and replace them would not cost as much as the BLM had estimated.

7. Mr. Rudman asked about the letter from Tooele County accepting MagCorp's proposal to obtain the facilities, including all buildings, structures, and ponds should MagCorp cease operations. We discussed the office/shop/warehouse building as the main facility which Tooele County may have most interest in. Mary Ann said that the County would need the land owner's permission to allow the facilities to remain for an alternate post mining land use. Mr. Tripp stated he thought the building was located upon State leased land instead of BLM.
8. Mr. Rudman and Mr. Brown also asked if other West Desert evaporative salt producers were being treated the same as MagCorp, regarding reclamation requirements and bonding requirements.

Mr. Rudman indicated that MagCorp would prepare a more detailed itemized list of their technical concerns in response to the January 25, 2001 cost estimate. He requested 90 days from the date of our meeting to submit their response.

In summary OGM concurred with MagCorp's request for a 30-day time frame extension to provide a response to our October 5, 2000 review letter. The response deadline is **March 9, 2001**. OGM also agreed to a 90-day time frame extension for receipt of MagCorp's technical response to the January 25, 2001 reclamation bond estimate. The new response deadline is **May 8, 2001**. OGM also agreed to temporarily postpone the 90-day requirement to post the \$6,051,640 reclamation surety, pending the outcome of another meeting to review MagCorp's technical concerns on the bond estimate. OGM agreed to prepare a memorandum summarizing our notes from the meeting and forward a copy to the meeting participants.

jb  
cc: Lee Brown, MagCorp  
Tony Rudman, MagCorp  
Kurt Seel, AAG Office  
Mary Ann Wright, DOGM  
Wayne Hedberg, DOGM  
Tony Gallegos, DOGM  
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